

I BRIEF INTRODUCTION OF WIND POWER DEVELOPMENT IN XINJIANG, CHINA

- Imported Danish 100kW grid-connected and 55kW stand-alone wind turbines in 1985.
- Imported 13*150kW grid-connected wind turbines in 1989 and constructed the largest wind power plant in China.
- Continuously imported 300-600kW wind turbines from Denmark, Germany and Netherlands since 1992.

- Up to now there are three wind farms in Xinjiang, namely Dabancheng No. 1 and No. 2 and Buerjin wind power plants with total installed capacity around 70MW.
- Manufactured 600kW wind turbines in accordance with China "Ninth-Five" Scientific and Technical Research Program from 1997-1999. By the end of 1999, nine local produced machines have been put into operation in Dabancheng No. 1 plant.

II BRIEF INTRODUCTION OF LOCAL PRODUCED 600KW WIND TURBINES

1. Technical Specification of XWEC - JACOBS

43/600 Wind Turbine

Power regulation :stall-controlled

Blade numbers :three blades

Cut-in wind speed :3m/s

Cut-out wind speed :25m/s

Rated wind speed :15m/s

Survival wind speed :58m/s

Rotor RPM :17.9/26.8RPM

Generator RPM :1000/1500RPM

Operating temperature: -20 -- 40 C

Gear ratio :1: 56



2. Local Production Schedule

- 2 sets of 600kW turbines with local content of 33% put into operation on June 15, 1998.
- 3 sets with local content of 53% put into operation at the later half of 1998.
- 2 sets with local content of 72% and 1 set with local content of 78% put into operation in June and July 1999.
- 1 set with local content of 72% put into operation in November. 36.5%

53%

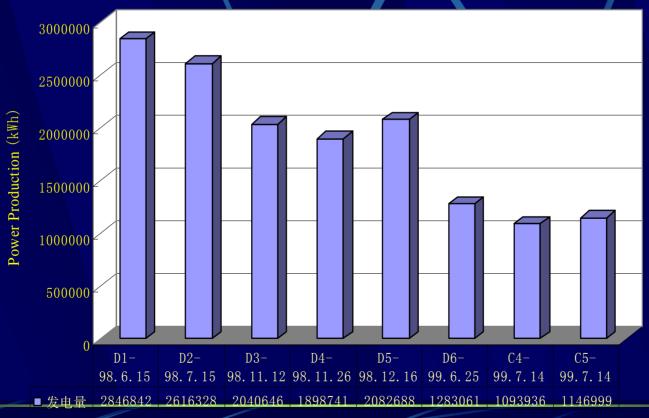
72%

33.4%

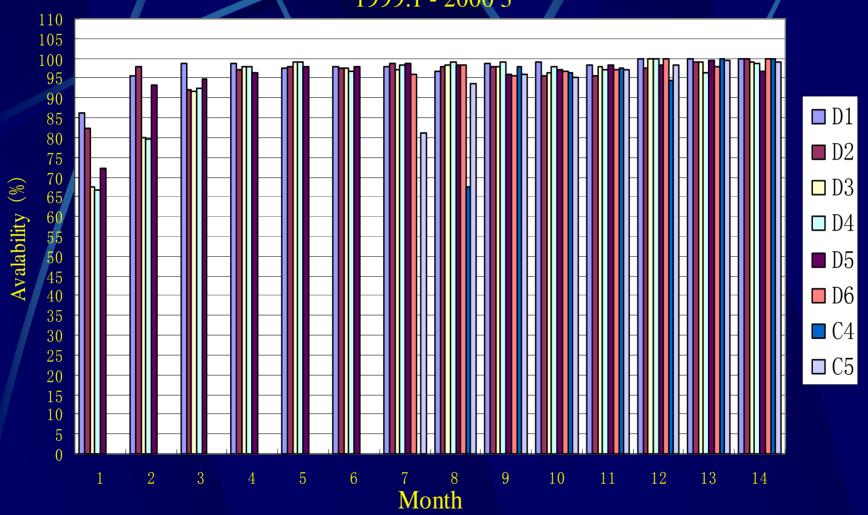
3. Operating Data

• Power Production of Nine Local Produced XWEC-JACOBS 43/600 Wind Turbines (1999/1—2000/2)

Accumulative Power Production

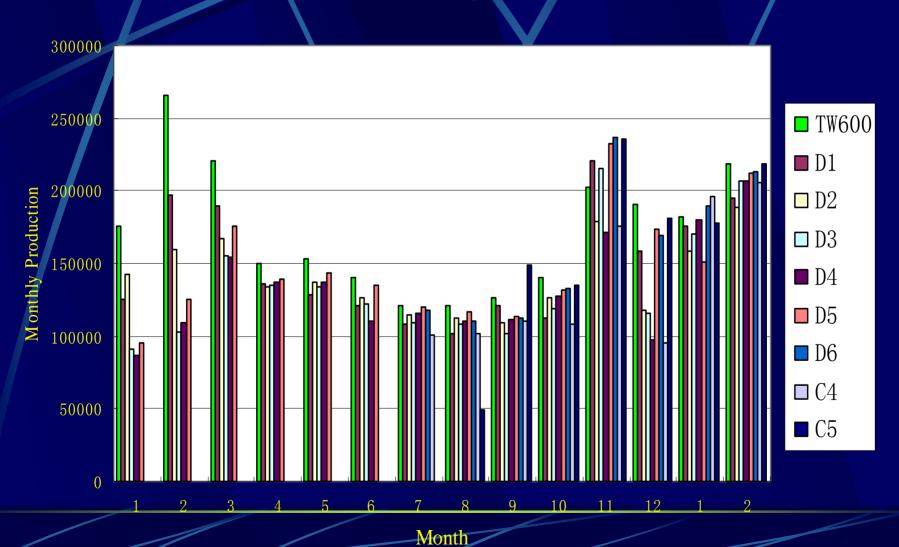




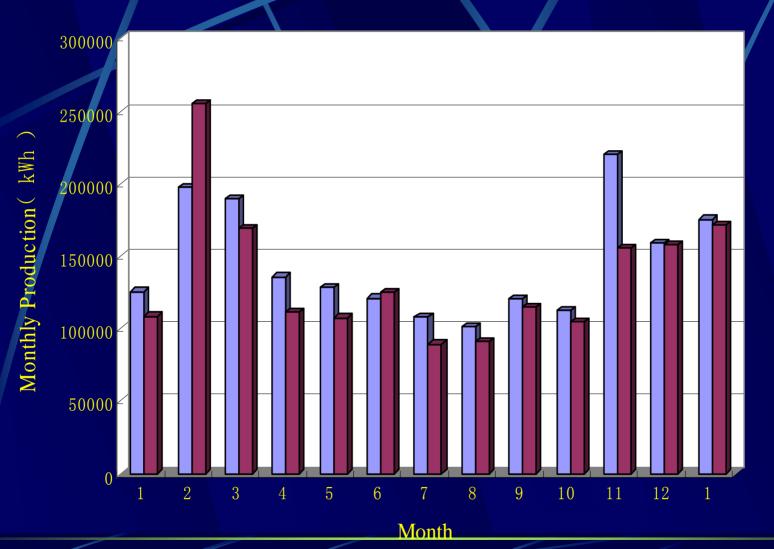


Operating Comparison with TACKE and BONUS Turbines

Monthly Power Production Compared with Tacke Turbines



Monthly Production Compared with BONUS 600kW Turbine





III INTRODUCTION OF WIND PROJECT WITH TENG ENERGY GROUP IN THE UNITED STATES





Sino-American Joint Venture Wind Project

- Total investment is RMB 191 million and the planned wind capacity is 22.8MW.
- The registered capital takes 40% of the total investment, namely RMB 76 million.
- The investment of Xinjiang Wind Energy Co. takes 30% of the registered capital, namely RMB 22.8 million and will be contributed as intangible assets such as know-how and two operated XWEC-JACOBS 43/600 wind turbines.
- The investment of Teng Energy Group takes 70% of the registered capital, namely RMB 53.2 million and will be contribution in cash.
- 60% of the total investment will be financed in China.

• Electricity price promised by Xinjiang Price Bureau is RMB 0.638/kwh

- Xinjiang Electric Power Bureau has approved that the wind capacity of Xinjiang Wind Energy Co. could be 40MW by the end of "Ninth-Five" period.
- Xinjiang Planning Commission has listed the project into 2000 program.
- IRR of the project is 14.7%.
- The Return period of the investment is 7-8 years.

Project Management

- The joint-venture company Tengfeng Electric Power Limited Co. – will be a management company.
- The local produced wind turbines XWEC-JACOBS 43/600 will be chosen.
- Xinjiang Wind Energy Co. will be responsible for project construction.
- Urumqi Jieneng Wind Power Technical Service Co. will be responsible for operation and maintenance of the power plant.